

111TH CONGRESS
1ST SESSION

H. R. 2194

To amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran.

IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2009

Mr. BERMAN (for himself, Ms. ROS-LEHTINEN, Mr. ACKERMAN, Mr. BURTON of Indiana, Mr. SHERMAN, Mr. ROYCE, Mr. ANDREWS, and Mr. KIRK) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, Oversight and Government Reform, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran.

1 Be it enacted by the Senate and House of Representatives
2 of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the ``Iran Refined Petroleum
5 Sanctions Act of 2009``.

1 **SEC. 2. FINDINGS; SENSE OF CONGRESS.**

2 (a) FINDINGS.—Congress finds the following:

3 (1) The illicit nuclear activities of the Govern-
4 ment of Iran—combined with its development of un-
5 conventional weapons and ballistic missiles, and su-
6 port for international terrorism—represent a serious
7 threat to the security of the United States and U.
8 allies in Europe, the Middle East, and around the
9 world.

10 (2) The United States and other responsible na-
11 tions have a vital interest in working together
12 prevent the Government of Iran from acquiring a
13 nuclear weapons capability.

14 (3) The International Atomic Energy Agency
15 has repeatedly called attention to Iran's unlawf-
16 nuclear activities, and, as a result, the United
17 tions Security Council has adopted a range of sanc-
18 tions designed to encourage the Government of Iran
19 to cease those activities and comply with its obl-
20 tions under the Treaty on the Non-Proliferation o-
21 Nuclear Weapons (commonly known as the ``Nuclear
22 Non-Proliferation Treaty'').

23 (4) As a presidential candidate, then-Senator
24 Obama stated that additional sanctions, especiall-
25 those targeting Iran's dependence on imported re-

1 refined petroleum, may help to persuade the Govern-
2 ment of Iran to abandon its illicit nuclear activi-

3 (5) On October 7, 2008, then-Senator Obama
4 stated, ``Iran right now imports gasoline, even
5 though it's an oil producer, because its oil inf-
6 structure has broken down. If we can prevent them
7 from importing the gasoline that they need and the
8 refined petroleum products, that starts changing
9 their cost-benefit analysis. That starts putting
10 squeeze on them.''.
11

12 (6) On June 4, 2008, then-Senator Obama
13 stated, ``We should work with Europe, Japan, and
14 the Gulf states to find every avenue outside the U.
15 to isolate the Iranian regime—from cutting off loa-
16 guarantees and expanding financial sanctions, to
17 banning the export of refined petroleum to Iran.''.
18

19 (7) Major European allies, including the United
20 Kingdom, France, and Germany, have advocated
21 that sanctions be significantly toughened should
22 international diplomatic efforts fail to achie-
23 verifiable suspension of Iran's uranium enrichment
24 program and an end to its nuclear weapons program
25 and other illicit nuclear activities.

26 (8) The serious and urgent nature of the threat
27 from Iran demands that the United States work to-

1 gether with U.S. allies to do everything possible
2 diplomatically, politically, and economically—to pr
3 vent Iran from acquiring a nuclear weapons capa-
4 bility.

5 (b) SENSE OF CONGRESS.—It is the sense of the
6 Congress that—

7 (1) international diplomatic efforts to address
8 Iran's illicit nuclear efforts, unconventional and
9 listic missile development programs, and support fo
10 international terrorism are more likely to be effec
11 if the President is empowered with the explicit a
12 thority to impose additional sanctions on the Gov
13 ernment of Iran;

14 (2) the concerns of the United States regarding
15 Iran are strictly the result of the actions of the
16 ernment of Iran; and

17 (3) the people of the United States—

18 (A) have feelings of friendship for the peo-
19 ple of Iran;

20 (B) regret that developments in recent dec-
21 ades have created impediments to that friend-
22 ship; and

23 (C) hold the people of Iran, their culture,
24 and their ancient and rich history in the highest
25 esteem.

1 (c) STATEMENT OF POLICY.—It should be the policy
2 of the United States to—

3 (1) support international diplomatic efforts to
4 end Iran's uranium enrichment program and its nu-
5 clear weapons program;

6 (2) encourage foreign governments to direct
7 state-owned entities to cease all investment in, and
8 support of, Iran's energy sector and all exports
9 refined petroleum products to Iran;

10 (3) encourage foreign governments to require
11 private entities based in their territories to cea-
12 investment in, and support of, Iran's energy sector
13 and all exports of refined petroleum products to
14 Iran;

15 (4) impose sanctions on the Central Bank of
16 Iran and any other Iranian bank or financial instit-
17 tion engaged in proliferation activities or support
18 terrorist groups; and

19 (5) work with the allies of the United States to
20 take appropriate measures to protect the inter-
21 national financial system from deceptive and illi-
22 practices by Iranian banks and financial institutio-
23 involved in proliferation activities or support of
24 terrorist groups.

1 **SEC. 3. AMENDMENTS TO THE IRAN SANCTIONS ACT OF**
2 **1996.**

3 (a) EXPANSION OF SANCTIONS.—Section 5(a) of the
4 Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is
5 amended to read as follows:

6 `` (a) SANCTIONS WITH RESPECT TO THE DEVELOP-
7 MENT OF PETROLEUM RESOURCES OF IRAN AND EXPOR-
8 TATION OF REFINED PETROLEUM TO IRAN.—

9 `` (1) DEVELOPMENT OF PETROLEUM RE-
10 SOURCES OF IRAN.—

11 `` (A) INVESTMENT.—Except as provided in
12 subsection (f), the President shall impose 2 or
13 more of the sanctions described in paragraphs
14 (1) through (6) of section 6(a) if the President
15 determines that a person has, with actual
16 knowledge, on or after the date of the enact-
17 ment of this Act, made an investment of
18 \$20,000,000 or more (or any combination of in-
19 vestments of at least \$5,000,000 each, which in
20 the aggregate equals or exceeds \$20,000,000 in
21 any 12-month period), that directly and signifi-
22 cantly contributed to the enhancement of Iran's
23 ability to develop petroleum resources of Iran

24 `` (B) PRODUCTION OF REFINED PETRO-
25 LEUM RESOURCES.—Except as provided in sub-
26 section (f), the President shall impose the san

1 tions described in section 6(b) (in addition to
 2 any sanctions imposed under subparagraph (A))
 3 if the President determines that a person has,
 4 with actual knowledge, on or after the date of
 5 the enactment of the Iran Refined Petroleum
 6 Sanctions Act of 2009, sold, leased, or provided
 7 to Iran any goods, services, technology, infor-
 8 mation, or support that would allow Iran to
 9 maintain or expand its domestic production of
 10 refined petroleum resources, including any as-
 11 sistance in refinery construction, modernization
 12 or repair.

13 `` (2) EXPORTATION OF REFINED PETROLEUM

14 RESOURCES TO IRAN.—Except as provided in sub-
 15 section (f), the President shall impose the sanctions
 16 described in section 6(b) if the President determines
 17 that a person has, with actual knowledge, on or after
 18 the date of the enactment of the Iran Refined Petro-
 19 leum Sanctions Act of 2009, provided Iran with re-
 20 fined petroleum resources or engaged in any activity
 21 that could contribute to the enhancement of Iran's
 22 ability to import refined petroleum resources, includ-
 23 ing—

24 `` (A) providing ships or shipping services
 25 to deliver refined petroleum resources to Iran

1 ``(B) underwriting or otherwise providing
2 insurance or reinsurance for such activity; or

3 ``(C) financing or brokering such activity.''

4 (b) DESCRIPTION OF SANCTIONS.—Section 6 of such
5 Act is amended—

6 (1) by striking ``The sanctions to be imposed on
7 a sanctioned person under section 5 are as follows
8 and inserting the following:

9 ``(a) IN GENERAL.—The sanctions to be imposed on
10 a sanctioned person under subsections (a)(1)(A) and (1)(B)
11 of section 5 are as follows:''; and

12 (2) by adding at the end the following:

13 ``(b) ADDITIONAL SANCTIONS.—The sanctions to be
14 imposed on a sanctioned person under paragraphs (1)(B)
15 and (2) of section 5(a) are as follows:

16 ``(1) FOREIGN EXCHANGE.—The President
17 shall, under such regulations as the President may
18 prescribe, prohibit any transactions in foreign exchange
19 change by the sanctioned person.

20 ``(2) BANKING TRANSACTIONS.—The President
21 shall, under such regulations as the President may
22 prescribe, prohibit any transfers of credit or payments
23 between, by, through, or to any financial institution,
24 to the extent that such transfers or payments
25 involve any interest of the sanctioned person.

1 ``(3) PROPERTY TRANSACTIONS.—The Presi-
2 dent shall, under such regulations as the President
3 may prescribe, prohibit any acquisition, holding
4 withholding, use, transfer, withdrawal, transpor-
5 tation, importation, or exportation of, dealing in
6 exercising any right, power, or privilege with resp
7 to, or transactions involving, any property in whi
8 the sanctioned person has any interest by any per
9 son, or with respect to any property, subject to
10 jurisdiction of the United States.''.
11

12 (c) PRESIDENTIAL WAIVER.—Section 9(c)(2) of such
13 Act is amended by amending subparagraph (C) to read
14 as follows:

15 ``(C) an estimate of the significance of the
16 provision of the items described in paragraph
17 (1) or (2) of section 5(a) or section 5(b) t
18 Iran's ability to develop its petroleum resource
19 to maintain or expand its domestic production
20 of refined petroleum resources, to import re-
21 fined petroleum resources, or to develop its
22 weapons of mass destruction or other military
23 capabilities (as the case may be); and''.

24 (d) STRENGTHENING OF WAIVER AUTHORITY AND
25 SANCTIONS IMPLEMENTATION.—

1 (1) INVESTIGATIONS.—Section 4(f) of the Iran
2 Sanctions Act of 1996 (50 U.S.C. 1701 note) is
3 amended—

4 (A) in paragraph (1)—

5 (i) by striking “should initiate” and
6 inserting “shall immediately initiate”;

7 (ii) by inserting “or 5(b)” after “se
8 tion 5(a)”; and

9 (iii) by striking “as described in such
10 section” and inserting “as described in se
11 tion 5(a)(1) or other activity described in
12 section 5(a)(2) or 5(b) (as the case may
13 be)”;

14 (B) in paragraph (2), by striking “, pursu-
15 ant to section 5(a), if a person has engaged i
16 investment activity in Iran as described in suc
17 section” and inserting “, pursuant to sectio
18 5(a) or (b) (as the case may be), if a person
19 has engaged in investment activity in Iran as
20 described in section 5(a)(1) or other activity o
21 scribed in section 5(a)(2) or 5(b) (as the cas
22 may be)”;

23 (C) by adding at the end the following new
24 paragraph:

1 “(3) DEFINITION OF CREDIBLE INFORMA-
2 TION.—For the purposes of this subsection, the term
3 ‘credible information’ means public or classified
4 information or reporting supported by other substan-
5 tiating evidence.’’.

6 (2) EXCEPTION FOR PROLIFERATION SECURITY
7 INITIATIVE.—Section 5(f) of the Iran Sanctions Act
8 of 1996 (50 U.S.C. 1701 note) is amended—

9 (A) in paragraph (6), by striking ‘‘or’’ at
10 the end;

11 (B) in paragraph (7), by striking the pe-
12 riod at the end and inserting ‘‘; or’’; and

13 (C) by adding at the end the following new
14 paragraph:

15 “(8) if the President determines in writing that
16 the person to which the sanctions would otherwise be
17 applied is—

18 “(A) a citizen or resident of a country that
19 is a participant in the Proliferation Security
20 Initiative; or

21 “(B) a foreign person that is organized
22 under the laws of a country described in sub-
23 paragraph (A) and is a subsidiary of a United
24 States person.’’.

1 (3) GENERAL WAIVER AUTHORITY.—Section
 2 9(c)(1) of the Iran Sanctions Act of 1996 (50
 3 U.S.C. 1701 note) is amended by striking “impor-
 4 tant to the national interest of the United States”
 5 and inserting “vital to the national security inter-
 6 ests of the United States”.

7 (4) RULE OF CONSTRUCTION.—The amend-
 8 ments made by this subsection shall not be con-
 9 strued to affect any exercise of the authority of
 10 section 4(f) or section 9(c) of the Iran Sanctions Act
 11 of 1996 as in effect on the day before the date
 12 of the enactment of this Act.

13 (e) REPORTS ON UNITED STATES EFFORTS TO CUR-
 14 TAIL CERTAIN BUSINESS TRANSACTIONS RELATING TO
 15 IRAN.—Section 10 of such Act is amended by adding at
 16 the end the following:

17 “(d) REPORTS ON CERTAIN BUSINESS TRANS-
 18 ACTIONS RELATING TO IRAN.—

19 “(1) IN GENERAL.—Not later than 90 days
 20 after the date of the enactment of the Iran Refine-
 21 Petroleum Sanctions Act of 2009, and every 6
 22 months thereafter, the President shall submit a re-
 23 port to the appropriate congressional committees re-
 24 garding any person who has—

1 ``(A) provided Iran with refined petroleum
2 resources;

3 ``(B) sold, leased, or provided to Iran any
4 goods, services, or technology that would allow
5 Iran to maintain or expand its domestic produc-
6 tion of refined petroleum resources; or

7 ``(C) engaged in any activity that could
8 contribute to the enhancement of Iran's ability
9 to import refined petroleum resources.

10 ``(2) DESCRIPTION.—For each activity set forth
11 in subparagraphs (A) through (C) of paragraph (1),
12 the President shall provide a complete and detailed
13 description of such activity, including—

14 ``(A) the date or dates of such activity;

15 ``(B) the name of any persons who partici-
16 pated or invested in or facilitated such activity;

17 ``(C) the United States domiciliary of the
18 persons referred to in subparagraph (B);

19 ``(D) any Federal Government contracts to
20 which the persons referred to in subparagraph
21 (B) are parties; and

22 ``(E) the steps taken by the United States
23 to respond to such activity.

24 ``(3) FORM OF REPORTS; PUBLICATION.—The
25 reports required under this subsection shall be—

1 ``(A) submitted in unclassified form, but
2 may contain a classified annex; and

3 ``(B) published in the Federal Register.''.
4

5 (f) CLARIFICATION AND EXPANSION OF DEFINI-
6 TIONS.—Section 14 of such Act is amended—

7 (1) in paragraph (13) (B)—

8 (A) by inserting ``financial institution, in-
9 surer, underwriter, guarantor, any other busi-
10 ness organization, including any foreign sub-
11 sidiary, parent, or affiliate of such a business
12 organization,' ' after ``trust,' ' ; and

13 (B) by inserting `` , such as an export cred-
14 it agency' ' before the semicolon at the end; and

15 (2) by amending paragraph (14) to read as fol-
16 lows:

17 ``(14) PETROLEUM RESOURCES.—

18 ``(A) IN GENERAL.—The term `petroleum
19 resources' includes petroleum, petroleum by-
20 products, oil or liquefied natural gas, oil or
21 liquefied natural gas tankers, and products used
22 to construct or maintain pipelines used to
23 transport oil or compressed or liquefied natural
24 gas.

25 ``(B) PETROLEUM BY-PRODUCTS.—The
 term `petroleum by-products' means gasoline,

1 kerosene, distillates, propane or butane gas, di-
 2 sel fuel, residual fuel oil, and other goods cla-
 3 fied in headings 2709 and 2710 of the Har-
 4 monized Tariff Schedule of the United States.''

5 (g) CONFORMING AMENDMENTS.—

6 (1) MULTILATERAL REGIME.—Section 4 of
 7 such Act is amended—

8 (A) in subsection (b)(2), by striking ``(in
 9 addition to that provided in subsection (d))''
 10 and

11 (B) by striking subsection (d) and redesignig-
 12 nating subsections (e) and (f) as subsections (c)
 13 and (e), respectively.

14 (2) IMPOSITIONS OF SANCTIONS.—Section 5(b)
 15 of such Act is amended by striking ``section 6'' a-
 16 nd inserting ``section 6(a)''.

fi